



## 85.65

### Assets - Illustrative Entries

#### 85.65.10

May 1, 1999

#### These entries are for illustrative purposes

The following entries illustrate transactions affecting assets. These entries are for illustrative purposes **only** and should **not** be considered all inclusive. Entries posted to GL Code Series 71XX "In-Process" in treasury and treasury trust accounts also require an entry, generally from the Office of the State Treasurer (OST) as illustrated below, to clear the In-Process GL Codes.

The entry would be reversed for In-Process debit amounts.

	Dr.	Cr.
In-Process (71XX)	xxx	
Current Treasury Cash Activity (OST Only) (4310)		xxx

#### 85.65.12

May 1, 1999

#### Deposit of cash revenues

To record the deposit of cash revenue received. (Refer to Subsections 85.50.10 and 85.50.20.)

	Dr.	Cr.
Cash In Bank (1110) or	xxx	
Receipts In-Process (7110)		
Cash Revenues (3210) (with appropriate revenue source code)		xxx

#### 85.65.14

July 1, 2001

#### Petty cash - treasury and treasury trust accounts

85.65.14.a

To record the establishment of or an increase in a Treasury petty cash account. (Refer to Subsection 85.50.60.a.)

**Note:** The second entry to reserve a portion of fund balance for petty cash is to be made in governmental fund type accounts only. Petty cash is not reserved in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Warrants In Process (7120)		xxx
Unreserved/Undesignated Fund Balance (9590)	xxx	
Reserved for Petty Cash (9556)		xxx

85.65.14.b To record the abolishment of, or a reduction in, a Treasury petty cash account.  
(Refer to Subsection 85.50.60.f.)

**Note:** The second entry to reverse the reservation of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Petty Cash (1130)		xxx
Reserved for Petty Cash (9556)	xxx	
Unreserved/Undesignated Fund Balance (9590)		xxx

## **85.65.16**

July 1, 2001

### **Petty cash - local accounts**

85.65.16.a To record the establishment of, or an increase in, a local petty cash account.  
(Refer to Subsection 85.50.70.a.)

**Note:** The second entry to reserve a portion of fund balance for petty cash is to be made in governmental fund type accounts only. Petty cash is not reserved in proprietary or trust fund type accounts.

	Dr.	Cr.
Petty Cash (1130)	xxx	
Cash in Bank (1110)		xxx
Unreserved/Undesignated Fund Balance (9590)	xxx	
Reserved for Petty Cash (9556)		xxx

85.65.16.b To record the abolishment of, or a reduction in, a local petty cash account.  
(Refer to Subsection 85.50.70.d)

**Note:** The second entry to reverse the reservation of fund balance for petty cash is for governmental fund type accounts only.

	Dr.	Cr.
Cash in Bank (1110)	xxx	
Petty Cash (1130)		xxx
Reserved for Petty Cash (9556)	xxx	
Unreserved/Undesignated Fund Balance (9590)		xxx

**85.65.18**

July 1, 2001

**Accounting for the acquisition of non-current investments**

85.65.18.a

To record the acquisition of non-current equity investments at trade date.  
(Refer to Subsection 85.52.30.a.)

	Dr.	Cr.
Investments (1210)	xxx	
Investment Trades Pending Payable (5123)		xxx

85.65.18.b

To record the settlement of the trade for acquisition of non-current equity investments. (Refer to Subsection 85.52.30.a.)

	Dr.	Cr.
Investment Trades Pending Payable (5123)	xxx	
In-Process (71XX)		xxx

85.65.18.c

To record the acquisition of non-current fixed income investments at trade date including purchased accrued interest. (Refer to Subsection 85.52.30.a.)

	Dr.	Cr.
Investments (1210)	xxx	
Interest Receivable on Investments (1316)	xxx	
Investment Trades Pending Payable (5123)		xxx

85.65.18.d

To record the settlement of the trade for acquisition of non-current fixed income investments. (Refer to Subsection 85.52.30.a.)

	Dr.	Cr.
Investment Trades Pending Payable (5123)	xxx	
In-Process (71XX)		xxx

85.65.18.e

To reserve a portion of fund balance in governmental funds for non-current investments not offset by deferred revenue or a liability. (Refer to Subsection 85.52.30.)

	Dr.	Cr.
Unreserved/Undesignated Fund Balance (9590)	xxx	
Reserved for Investments (9557)		xxx

**85.65.20**

July 1, 2003

**Accounting for earnings and costs associated with non-current investments**

85.65.20.a

To record interest or dividend income on non-current investments received in cash including purchased accrued interest. (Refer to Subsection 85.52.10)

		Dr.	Cr.
	Receipts In-Process (7110) or	xxx	
	Cash in Bank (1110)		
	Interest and Dividends Receivable (1316)		xxx
	Cash Revenues (3210) Revenue Source Code		
	(0401) Treasury Investment Income, (0409) Interest		xxx
	Income, or (0411) Dividend Income		
85.65.20.b	To record interest or dividend income on non-current investments which was reinvested.		
		Dr.	Cr.
	Investments (1210)	xxx	
	Cash Revenues (3210) Revenue Source Code		xxx
	(0401) Treasury Investment Income, (0409) Interest		
	Income, or (0411) Dividend Income		
85.65.20.c	To record the payment of investment related costs (e.g., advisor fees, consulting fees, manager fees) not associated with an investment sale transaction		
		Dr.	Cr.
	Cash Revenues (3210) Revenue Source Code (0473) Costs	xxx	
	of Investment Activities		
	Warrants In-Process (7120)		xxx

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**85.65.22**  
July 1, 2003

**Accounting for fair value adjustment to non-current investments**

To record the adjustment to reflect an increase to the fair value of non-current investments. To record a decrease in fair value, the capital gain entry is reversed with a debit to Revenue Source Code 0414 "Capital Losses." (Refer to Subsection 85.52.30.b.)

	Dr.	Cr.
Valuation Allowance - Investments (1280)	xxx	
Noncash Revenues (3220) Revenue Source Code		xxx
(0413) Capital Gains		

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**85.65.24**  
July 1, 2003

**Accounting for the sale of non-current investments**

85.65.24.a	To record the sale at trade date of non-current investments and the resulting gain on investments. For a loss, the capital gain entry would be reversed with a debit to Revenue Source Code 0414 "Capital Losses." (Refer to Subsection 85.52.30.c.)
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		Dr.	Cr.
	Investment Trade Pending Receivable (1323)	xxx	
	Accrued Revenues (3205) Revenue Source Code (0473)		
	Cost of Investment Activities	xxx	
	Investments (1210)		xxx
	Accrued Revenues (3205) Revenue Source Code (0413) Capital Gains		xxx

85.65.24.b To record the settlement of the trade for the sale of non-current investments. For a loss, the capital gain entry would be reversed with Revenue Source Code 0414 "Capital Losses." (Refer to Subsection 85.52.30.c.)

		Dr.	Cr.
	In-Process (71XX)	xxx	
	Cash Revenues (3210) Revenue Source (0473) Costs of Investment Activities	xxx	
	Accrued Revenues (3205) Revenue Source (0413) Capital Gains	xxx	
	Cash Revenues (3210) Revenue Source (0413) Capital Gains		xxx
	Accrued Revenues (3205) Revenue Source (0473) Costs of Investment Activities		xxx
	Investment Trades Pending Receivable (1323)		

85.65.24.c To reverse the non-cash revenue recognized in posting adjustments to increase fair value. Entry would be reversed with Revenue Source Code 0414 if fair value adjustments recorded a loss. (Refer to Subsection 85.52.30.c.)

		Dr.	Cr.
	Noncash Revenues (3220) Revenue Source Code (0413) Capital Gains	xxx	
	Valuation Allowance – Investments (1280)		xxx

85.65.24.d To reverse the reservation of fund balance in governmental funds for non-current investments not offset by deferred revenue or a liability.

		Dr.	Cr.
	Reserved for Investments (9557)	xxx	
	Unreserved/Undesignated Fund Balance (9590)		xxx

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**85.65.26**  
July 1, 2003

**Accounting for non-current investments in permanent funds**

85.65.26.a To record the closing entry for realized gains and/or losses on non-current investments to the appropriate fund balance account. (Refer to Subsection 85.52.50.)

**(when gains exceed losses for the fiscal year):**

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0413)	xxx	
Capital Gains		
Cash Revenues (3210) Revenue Source Code (0414) Capital Losses		xxx
Reserved for Permanent Funds – Expendable Portion (9531)		xxx

**(when losses exceed gains for the fiscal year):**

	Dr.	Cr.
Cash Revenues (3210) Revenue Source Code (0413)	xxx	
Capital Gains		
Reserved for Permanent Funds – Expendable Portion (9531)	xxx	
Cash Revenues (3210) Revenue Source Code (0414) Capital Losses		xxx
Reserved for Permanent Funds – Investment Losses (9532)	Dr.	Cr.
Reserved for Permanent Funds – Expendable Portion (9531)	xxx	xxx

85.65.26.b      To record the operating transfer to the beneficiary account for investment income. The transfer is reduced by the amount of losses, if any, allocated to the beneficiary account (refer to Item c. below). (Refer to Subsection 85.52.50.)

**Permanent Account:**

	Dr.	Cr.
Cash Revenues (3210) Revenue Source (0622) Operating Transfers Out	xxx	
Journal Vouchers In-Process (7140)		xxx

**Beneficiary Account:**

	Dr.	Cr.
Journal Vouchers In-Process (7140)	xxx	
Cash Revenues (3210) Revenue Source (0621) Operating Transfers In		xxx

85.65.26.c      To reduce GL Code 9532 “Reserve for Permanent Funds - Investments Losses” in a permanent account resulting from the reduction in income distribution to the beneficiary account (refer to Item b. above). (Refer to Subsection 85.52.50.)

	Dr.	Cr.
Reserved for Permanent Funds – Expendable Portion (9531)	xxx	
Reserved for Permanent Funds - Investment Losses (9532)		xxx

**85.65.28**

July 1, 2001

### Accounting for deferred compensation (IRC Section 457)

In accordance with Statement No. 34 of the Governmental Accounting Standards Board, the state's deferred compensation plan is accounted for and reported as a pension trust fund. Acquisitions and sales of deferred compensation plan investments are to follow the entries in Subsections 85.65.18 and 85.65.24, respectively, except that no entry is to be made to GL 9557 "Reserved for Investments."

**85.65.30**

May 1, 1999

### Taxes receivable

To record long-term taxes receivable which are measurable but not due within twelve months. (Refer to Subsection 85.54.15.c.)

	Dr.	Cr.
Taxes Receivable (1611)	xxx	
Allowance for Uncollectible Taxes Receivable (1641)		xxx
Deferred revenues (5292)		xxx

**85.65.32**

July 1, 2001

### Receivables

85.65.32.a To record a receivable at time of billing. (Refer to Subsection 85.54.45.a.)

	Dr.	Cr.
Accounts Receivable (1312)	xxx	
Accrued Revenues (3205) (appropriate revenue source codes)		xxx

85.65.32.b To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a **governmental fund type account**. (Refer to Subsection 85.54.55.b.)

**85**  
**Accounting Procedures**

**85.65.34**

		Dr.	Cr.
	Accrued Revenues (3205) (with revenue source code originally credited)	xxx	
	Allowance for Uncollectible Accounts Receivable (1342)		xxx
85.65.32.c	To value receivables and adjust the allowance for uncollectible accounts to reflect the amount estimated to be uncollectible at the end of the period in a <b>proprietary or trust fund type account</b> . (Refer to Subsection 85.54.55.b.) Example assumes a reduction in collectibility. If collectibility appears improved, the entry would be reversed.		
		Dr.	Cr.
	Bad Debt Expense 6515 (Subobject WC)	xxx	
	Allowance for Uncollectible Accounts Receivable (1342)		xxx
85.65.32.d	To write off receivables determined to be uncollectible by the state. (Refer to Subsection 85.54.55.c.)		
		Dr.	Cr.
	Allowance for Uncollectible Accounts Receivable (1342)	xxx	
	Accounts Receivable (1312)		xxx

**85.65.34**  
May 1, 1999

**Due from federal government**

85.65.34.a	To record amounts receivable for the reimbursement of federal expenditures. (Refer to Subsection 85.54.20)		
		Dr.	Cr.
	Due from Federal Government (1351)	xxx	
	Accrued Revenues (3205) Revenue Source Code (03XX)		xxx
85.65.34.b	To record the receipt of monies due from the federal government. (Refer to Subsection 85.54.20.)		
		Dr.	Cr.
	Cash in Bank (1110) or Receipts In-Process (7110)	xxx	
	Cash Revenues (3210) Revenue Source Code (03XX)		xxx
	Accrued Revenues (3205) Revenue Source Code (03XX)	xxx	
	Due from Federal Government (1351)		xxx



85.65.34.c To record federal receivables which are in dispute at the end of the accounting period in a governmental fund type account. (Refer to Subsection 85.54.20.)

	Dr.	Cr.
Accrued Revenues (3205) Revenue Source (03XX)	xxx	
Deferred revenues (5192)		xxx

**85.65.36**

July 1, 2004

**Long-term loans**

The following entries illustrate disbursement and repayment for both budgeted and non-budgeted long-term loans. Since the loan in this illustration is made to a private entity, long-term GL Code 1614 "Loans Receivable" is used. However, this example may be applied to other types of long-term loans using other receivable general ledger codes, such as GL Code 1652 Due from Other Governments. (Refer to Subsection 85.54.40.)

85.65.36.a.(1) **To record disbursement of a budgeted long-term loan** from a governmental fund type account. Budgeted loans present a unique situation where loan disbursements and repayments are expenditures and revenues for budgetary purposes, but not for GAAP financial accounting purposes.

**Note:** In AFRS, Subobject NR is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as an Expenditure.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX)		xxx
Cash Expenditures/Expenses (6510) (Subobject NR)	xxx	
Reserved for Receivables (9570)		xxx

85.65.36.a.(2) **To record repayment of the budgeted long-term loan**, shown in (a) above, after an interim process occurs reclassifying the expected payment from long-term to short-term. (Recognized and recorded at fiscal year-end based on next year's scheduled payments.)

**Note:** In AFRS, Revenue Source Code 0866 "Loan Principal Repayment" is reported as Fund Balance on the GAAP operating statement. On the Budget to Actual statement, however, it is reported as Revenue.

	Dr.	Cr.
Loans Receivable (1314) or	xxx	
Due to Other Governments (1352)		
Loans Receivable (1614) or		xxx
Due to Other Governments (1652)		
Reserved for Receivables (9570)	xxx	
Accrued Revenue (3205) Revenue Source Code		xxx
(0866) Loan Principal Repayment		

**Then repayment is recorded as received:**

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or		
Due to Other Governments (1352)		xxx

**For loans whose payments are uncertain,** the receivable is reclassified from long-term to short-term upon receipt of the loan payment.

	Dr.	Cr.
Loans Receivable (1314) or	xxx	
Due to Other Governments (1352)		
Loans Receivable (1614) or		xxx
Due to Other Governments (1652)		
Reserved for Receivables (9570)	xxx	
Accrued Revenue (3205) Revenue Source Code		xxx
(0866) Loan Principal Repayment		

**Then payment receipt is recorded:**

	Dr.	Cr.
Receipts In-Process (7110)	xxx	
Loans Receivable (1314) or		xxx
Due to Other Governments (1352)		
Accrued Revenue (3205) Revenue Source Code (0866)	xxx	
Loan Principal Repayment		
Cash Revenue (3210) Revenue Source Code (0866)		xxx
Loan Principal Repayment		

85.65.36.b.(1)

**To record disbursements of a long-term loan which are not budgeted.**

**Note:** The entry to reserve a portion of fund balance for receivables is made in governmental fund type accounts only. Long-term receivables are not reserved in proprietary and trust fund type accounts.

	Dr.	Cr.
Loans Receivable (1614)	xxx	
In-Process (71XX) or		xxx
Cash in Bank (1110)		
Unreserved/Undesignated Fund Balance (9590)	xxx	
Reserved for Receivables (9570)		xxx

85.65.36.b.(2)

**To record repayment of the non-budgeted long-term loan,** shown in (b) above, after an interim process occurs reclassifying receivables from long-term to short-term.

Loans Receivable (1314) or Due to Other Governments (1352)	Dr. xxx	Cr.
Loans Receivable (1614) or Due to Other Governments (1652)		xxx
Reserved for Receivables (9570)	xxx	
Unreserved/Undesignated Fund Balance (9590)		xxx

**Then the loan payment receipt is recorded:**

Cash in Bank (1110) or Receipts In-Process (7110)	Dr. xxx	Cr.
Loans Receivable (1314) or Due to Other Governments (1352)		xxx

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**85.65.38**

July 1, 2001

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**Consumable inventories—periodic inventory method**

85.65.38.a To record the acquisition of consumable inventories. (Refer to Subsection 85.56.20.a.(1).)

Cash Expenditures/Expenses (6510) Object E	Dr. xxx	Cr.
Cash in Bank (1110) or Warrants In-Process (7120)		xxx

85.65.38.b To record the use of consumable inventories during the year.

**No entry is required.**

85.65.38.c At year-end, to record an increase in consumable inventories during the year. (Refer to Subsection 85.56.20.a.(3) and (4).) These entries would be reversed to record a decrease in consumable inventories during the year.

**Note:** The second entry is to reserve a portion of fund balance in governmental fund type accounts only.

Consumable Inventories (1410)	Dr. xxx	Cr.
Cash Expenditures/Expenses (6510) Object E		xxx
Unreserved/Undesignated Fund Balance (9590)	xxx	
Reserved for Consumable Inventories (9540)		xxx

**85.65.40**  
May 1, 1999

**Consumable inventories—perpetual inventory method**

85.65.40.a To record the acquisition of consumable inventories. (Refer to Subsection 85.56.20.b.(1).)

	Dr.	Cr.
Consumable Inventories (1410)	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120)		

85.65.40.b To record the use of consumable inventories during the year. (Refer to Subsection 85.56.20.b.(2).)

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object E	xxx	
Consumable Inventories (1410)		xxx

**85.65.42**  
May 1, 1999

**Merchandise inventories in proprietary fund type accounts—periodic inventory method**

85.65.42.a To record the acquisition of merchandise inventories as an expense. (Refer to Subsection 85.56.30.a.(1).)

	Dr.	Cr.
Cost of Goods Sold (6516) Object F	xxx	
Cash in Bank (1110) or		xxx
In-Process (71XX) or		
Payables (51XX)		

85.65.42.b To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an expense. (Refer to Subsection 85.56.30.a.(2).)

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
In-Process (71XX) or		
Receivables (13XX)		
Cash Revenue (3210) or		xxx
Accrued Revenues (3205) Revenue Source Code		
(0450 or 0455) Sales		

85.65.42.c To record the adjustment for merchandise inventory when the physical count shows the inventory value greater than the amount in the general ledger control account GL Code 1420 "Merchandise Inventories." This entry is reversed when the physical count shows the inventory value less than the recorded amount. (Refer to Subsections 85.56.30.a.(3) and b.(3).)

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cost of Goods Sold (6516) Object F		xxx

**85.65.44**

May 1, 1999

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**Merchandise inventories in proprietary fund type accounts—perpetual inventory method**

85.65.44.a To record the acquisition of merchandise inventories as an asset. (Refer to Subsection 85.56.30.b.(1).)

	Dr.	Cr.
Merchandise Inventories (1420)	xxx	
Cash in Bank (1110) or In-Process (71XX) or Payables (51XX)		xxx

85.65.44.b To record the sale of merchandise inventories when the merchandise inventory purchase is recorded as an asset. (Refer to Subsection 85.56.30.b.(2).)

The second entry is to adjust the merchandise inventory account and record the cost of goods sold:

	Dr.	Cr.
Cash in Bank (1110) or In-Process (71XX) or Receivables (13XX)	xxx	
Cash Revenue (3210) or Accrued Revenues (3205) Revenue Source Code (0450 or 0455) Sales		xxx
Cost of Goods Sold (6516) Object F Merchandise Inventories (1420)	xxx	xxx

## 85.65.46

July 1, 2001

## Donations of consumable inventories

A common example of donated consumable inventory is federal surplus food commodities provided to the state for use in a variety of programs. This example assumes that commodities with a fair market value of \$5,000 are donated to the state for use in a governmental fund type account. The state pays \$500 shipping costs for delivery of the commodities.

85.65.46.a To record the acquisition of donated consumable inventories. (Refer to Subsection 85.56.40.a.)

	Dr.	Cr.
Consumable Inventories (1410)	500	
Donated Inventories (1415)	5,000	
Cash in Bank (1110) or		500
Warrants In-Process (7120)		
Revenue Adjustments/Eliminations (GAAP)		5,000
(3225) Revenue Source Code (0310) Dept. of		
Agriculture		

85.65.46.b To record the use of donated consumable inventories with a fair market value of \$4,000. Use of donated consumable inventories is treated as a nonbudgeted activity. The cash outlay for shipping costs is a budgeted expenditure. (Refer to Subsection 85.56.40.b.)

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525)	4,000	
Object E	400	
Cash Expenditures/Expenses (6510) Object E		
Consumable Inventories (1410)		400
Donated Inventories (1415)		4,000

85.65.46.c To record year-end adjustment. (Refer to Subsection 85.56.40.c.)

**Note:** The second entry is required in governmental fund type accounts only.

	Dr.	Cr.
Revenue Adjustments/Eliminations (GAAP) (3225)	1,000	
Revenue Source (0310) Dept. of Agriculture		
Deferred Revenues (5192)		1,000
Unreserved/Undesignated Fund Balance (9590)	100	
Reserved for Consumable Inventories (9540)		100

**85.65.50**

May 1, 1999

**Prepaid expenses**

85.65.50.a To record the prepayment of goods and services, other than inventory, in proprietary and trust fund type accounts. (Refer to Subsection 85.58.10.b.)

	Dr.	Cr.
Prepaid Expenses (1510)	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120) or		
Journal Vouchers In-Process (7140)		

85.65.50.b To record the portion of prepaid goods and services used during the period. (Refer to Subsection 85.58.10.c.)

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (with appropriate subobject)	xxx	
Prepaid Expenses (1510)		xxx

**85.65.52**

June 1, 2004

**Acquisition of capital assets****85.65.52.a Governmental Fund Type Accounts**

The entry for the acquisition of a capital asset records the expenditure in the account acquiring the asset with a corresponding entry in Account 997 "General Capital Asset Subsidiary Account." (Refer to Subsection 85.60.30.a.)

**Operating Account:**

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120)		

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Land (2110)	xxx	
Buildings (2210)	xxx	
Improvements Other Than Buildings (2310)	xxx	
Furnishings, Equipment, and Software (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.52.b

### Proprietary and Trust Fund Type Accounts

The entry to record the acquisition of a capital asset is made in the appropriate capital asset GL Code in the account acquiring the asset. (Refer to Subsection 85.60.30.b.)

#### Operating Account:

	Dr.	Cr.
Land (2110)	xxx	
Buildings (2210)	xxx	
Improvements Other Than Buildings (2310)	xxx	
Furnishings, Equipment, and Software (2410)	xxx	
Cash in Bank (1110) or		
Warrants In-Process (7120)		xxx

The following additional entry is required for budgeted proprietary and trust fund type accounts for capital asset acquisitions.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP)		
(6525) Object J		xxx

The following entry records the donation of a piece of equipment to a proprietary or trust fund type account.

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	xxx	
Noncash Revenues (3220) Revenue Source Code		
0820 Capital Contributions		xxx

**85.65.54**  
July 1, 2003

### Assets that do not meet the state's capitalization policy

The entry for the acquisition of an asset that does not meet the state's capitalization policy records the expenditure/expense in the account acquiring the asset. (Refer to Subsection 85.60.30.c.)

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Subobject JA	xxx	
Cash in Bank (1110) or		
Warrants In-Process (7120)		xxx



**85.65.56**

June 1, 2005

**Depreciation**

85.65.56.a

**Governmental Fund Type Accounts**

The following entry records the depreciation on general capital assets in Account 997 "General Capital Assets Subsidiary Account." (Refer to Subsection 85.60.40.a.)

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Depreciation Expense (6591) (Subobject WA)	xxx	
Allowance for Depreciation – Buildings (2220)		xxx
Allowance for Depreciation – Improvements Other Than Buildings (2320)		xxx
Allowance for Depreciation – Furnishings, Equipment, and Software (2420)		xxx

85.65.56.b

**Proprietary and Trust Fund Type Accounts**

The following entry records the depreciation of capital assets in proprietary and trust fund type accounts. (Refer to Subsection 85.60.40.b.)

	Dr.	Cr.
Depreciation Expense (6511) (Subobject WA)	xxx	
Allowance for Depreciation – Buildings (2220)		xxx
Allowance for Depreciation – Improvements Other Than Buildings (2320)		xxx
Allowance for Depreciation – Furnishings, Equipment, and Software (2420)		xxx

**85.65.58**

June 1, 2004

**Disposal of capital assets**

85.65.58.a

**Governmental Fund Type Accounts**

The net proceeds received from the sale of general capital assets are generally recorded in the account that originally acquired the asset. (Refer to Subsection 85.60.50.a.) If the estimated net proceeds from disposition were included in the budget for the acquisition of the replacement capital assets and the expenditure for the acquisition of new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were not included in the budget for a replacement capital asset, the following entry is to be made instead:

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or		
Journal Vouchers In-Process (7140)		
Cash Revenues (3210) Revenue Source Code		xxx
(0416) Sale of Property - Other		

In addition, an entry in Account 997 "General Capital Assets Subsidiary Account" is made to record the removal of the capital asset.

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Investments in General Capital Assets (9850)	xxx	
Allowance for Depreciation - Furnishings, Equipment,	xxx	
and Software (2420)		
Furnishings, Equipment, and Software (2410)		xxx

85.65.58.b

**Proprietary and Trust Fund Type Accounts**

The disposal of capital assets of proprietary and trust fund type accounts are accounted for in the account that recorded the asset. (Refer to Subsection 85.60.50.b.)

	Dr.	Cr.
Cash in Bank (1110) or	xxx	
Receipts In-Process (7110) or	xxx	
Journal Vouchers In-Process (7140)		
Allowance for Depreciation – Furnishings, Equipment,		
and Software (2420)		
Furnishings, Equipment, and Software (2410)		xxx
Gain and Loss on Sale of Capital Assets (3213)		xxx
Revenue Source Code (0418) Gain or Loss on		
Sale of Capital Assets		

The following additional entry is needed to record the net proceeds received upon disposition of a capital asset in budgeted proprietary and trust fund type accounts.

If the net proceeds from disposition were included in the budget for the acquisition of the replacement capital asset and the purchase for the new capital assets has already been recorded at gross, the following entry is made:

	Dr.	Cr.
Expense Adjustments/Eliminations (GAAP) (6525) Object J	xxx	
Cash Expenditures/Expenses (6510) Object J		xxx

If the net proceeds from disposition were included in the budget as estimated revenues, the following entry is made:

	Dr.	Cr.
Revenue Adjustments/Eliminations (GAAP) (3225) Revenue Source Code (0416) Sale of Property - Other	xxx	
Cash Revenues (3210) Revenue Source Code (0416) Sale of Property - Other		xxx

**85.65.60**

June 1, 2004

**Trade-in of capital assets**

These illustrative entries assume the following: a vehicle is purchased for \$12,000 cash. (It has a market value of \$14,000 less a trade-in allowance of \$2,000.) The trade-in vehicle originally cost \$9,000 and has a current book value of \$1,500.

85.65.60.a

**Governmental Fund Type Accounts**

These entries reflect the trade-in transaction in the operating account acquiring the vehicle and the corresponding entries in Account 997 "General Capital Assets Subsidiary Account." (Refer to Subsection 85.60.50.a.)

**Operating Account:**

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject J)	12,000	
Journal Vouchers In-Process (7140)		12,000

**General Capital Assets Subsidiary Account (Account 997):**

The first entry removes vehicle traded in. The second entry records new vehicle.

	Dr.	Cr.
Investment in General Capital Assets (9850)	1,500	
Accumulated Depreciation – Furnishings, Equipment, and Software (2420)	7,500	
Furnishings, Equipment, and Software (2410)		9,000
Furnishings, Equipment, and Software (2410)	13,500	
Investment in General Capital Assets (9850)		13,500

85.65.60.b

**Proprietary and Trust Fund Type Accounts**

This entry reflects a trade-in transaction in non-budgeted proprietary and trust fund type accounts. (Refer to Subsection 85.60.50.b.)

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	13,500	
Accumulated Depreciation – Furnishings, Equipment, and Software (2420)	7,500	
Furnishings, Equipment, and Software (2410)		9,000
Cash in Bank (1110)		12,000

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**85.65.62**

June 1, 2004

**Capital assets acquired through capital lease**

85.65.62.a

**Governmental Fund Type Accounts**

The entry for the acquisition of capitalized leased assets records the expenditure in the account acquiring the leased assets with a corresponding entry in Account 997 "General Capital Assets Subsidiary Account." (Refer to Subsection 85.60.70.a.)

**Operating Account:**

	Dr.	Cr.
Capital Asset Acquisitions by Lease-Purchase	xxx	
Agreements or Certificates of Participation (6514) Object J (Capital Outlays)		
Other Financing Sources (3221) Revenue Source Code (0809) Capital Lease Acquisitions		xxx

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is as follows. For such acquisitions, no entry is made in Account 997 "General Capital Assets Subsidiary Account" until title transfers to the state and the fair market value of the asset meets the state's capitalization policy.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120)		

To record subsequent acquisition of non-capitalized leased assets in Account 997 "General Capital Assets Subsidiary Account" upon transfer of the title. The asset is recorded at the fair market value at the time title transfers.

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	xxx	
Investment in General Capital Assets (9850)		xxx

85.65.62.b

**Proprietary and Trust Fund Type Accounts.**

To record capitalized leased equipment acquired by proprietary and trust fund type accounts in the account acquiring the leased assets. (Refer to Subsection 85.60.70.b.)

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	xxx	
Lease Purchase Agreements Payable (5172)		xxx
Lease Purchase Agreements Payable (5272)		xxx

The entry to record lease payments, for acquisitions that do not meet the capital lease requirements in Subsection 30.20.30, is as follows:

	Dr.	Cr.
Cash Expenditures/Expenses (6510) (Subobject ED or other subobject as appropriate)	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120)		

To record the fair market value of the subsequent acquisition of non-capitalized leased assets upon transfer of title.

	Dr.	Cr.
Furnishings, Equipment, and Software (2410)	xxx	
Cash Revenues (3210) Revenue Source Code (0486) Recoveries of Prior Appropriation Expenditures		xxx

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**85.65.64**  
June 1, 2004

**Accounting for the construction of capital assets**

85.65.64.a

**Governmental Fund Type Accounts**

Costs incurred for the construction of capital assets are to be recorded in the account incurring the expenditure. (Refer to Subsection 85.60.90.b.)

**Operating Account:**

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120) or		
Construction Contracts Payable (5117)		

Construction projects not completed at the end of the accounting period require an entry in Account 997 "General Capital Assets Subsidiary Account."

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Investment in General Capital Assets (9850)		xxx

Upon completion of the project, the construction in progress is reclassified to the appropriate capital asset GL Code(s) in Account 997 "General Capital Assets Subsidiary Account."

**General Capital Assets Subsidiary Account (Account 997):**

	Dr.	Cr.
Buildings (2210)	xxx	
Improvements Other Than Buildings (2310)	xxx	
Furnishings, Equipment, and Software (2410)	xxx	
Construction In Progress (2510)		xxx

85.65.64.b

**Proprietary and Trust Fund Type Accounts**

In proprietary and trust fund type accounts, costs incurred for the construction of capital assets are to be recorded in the account incurring the expense.  
 (Refer to Subsection 85.60.90.c.)

	Dr.	Cr.
Construction In Progress (2510)	xxx	
Cash in Bank (1110) or		xxx
Warrants In-Process (7120) or		
Construction Contracts Payable (5117)		

The following additional entry is required for budgeted proprietary or trust fund type accounts where construction costs are appropriated.

	Dr.	Cr.
Cash Expenditures/Expenses (6510) Object J	xxx	
Expense Adjustments/Eliminations (GAAP) (6525)		xxx
Object J		

Upon completion of the construction project, the construction in progress is reclassified to the appropriate capital asset GL code(s) for the total costs capitalized to date.

	Dr.	Cr.
Buildings (2210)	xxx	
Improvements Other Than Buildings (2310)	xxx	
Construction In Progress (2510)		xxx